

Rural Development Report

Spring 2002

Farm Bill Creates New Opportunities for Rural Communities

Dear Friend,

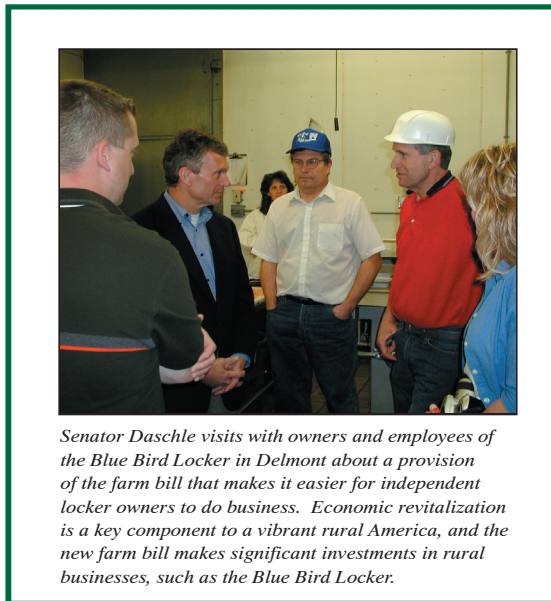
Rural communities are the lifeblood of South Dakota. It is in our rural communities that thousands of families raise their children, earn their living, and make their homes. With congressional action on the farm bill complete, I wanted to take a moment to highlight some of the ways the new farm bill will help rural communities thrive and prosper in the years ahead.

It's clear that rural America is becoming increasingly diverse. While agriculture still plays a vital role in our economy, many communities in South Dakota are finding that their local economy depends on more than just agriculture. New challenges and new opportunities lie ahead for rural communities, and I am pleased that the new farm bill will help rural communities more effectively through a number of innovative approaches.

The farm bill that Congress recently passed contains many significant provisions that will help create new opportunities for rural communities throughout South Dakota. In the Senate-passed version of the farm bill, Senator Johnson and I were able to include a number of provisions that will benefit communities throughout South Dakota, including the Northern Great Plains Development Authority, a new value-added program, the Rural Business Investment Program, and funding for rural broadband services. Thankfully, we were able to work with our colleagues in Congress to maintain those important provisions in the final version of the farm bill that will soon be signed into law.

Enclosed you'll find information about these programs and other provisions that will make real investments in rural America.

I hope this information is helpful. If you have any questions or need any assistance in applying for funding through these or any other programs, please don't hesitate to contact me. Working together, we can make a real difference for rural South Dakota.



Sincerely,

Tom Daschle

Rural Development in the New Farm Bill

The Farm Security and Rural Investment Act of 2002 moves our nation's rural development policy in a bold new direction. In addition to reauthorizing many of USDA's current rural development programs, the bill also includes several new provisions that will help build a brighter future for rural communities. The farm bill:

Strengthens Rural Communities

Strong rural communities form the foundation of rural America. In this regard, South Dakota is no different from the rest of the country. South Dakota's rural communities will benefit from this farm bill through three new rural development programs.

Northern Great Plains Development Authority

There are many economic problems, such as outmigration, low per-capita income and underemployment, that are unique to the Northern Great Plains region. To help address these issues, Senator Johnson and I authored the Northern Great Plains Development Authority, which authorizes a joint federal-state authority that will provide up to \$30 million per year for economic development purposes to the five-state region including South Dakota, North Dakota, Minnesota, Iowa and Nebraska. The Authority is directed by a board consisting of a federal member, the governor of each member state (or his or her designee), and a tribal member. The Authority will make grants to states, local governments, public and non-profit organizations for a variety of economic development purposes, including:

- transportation and telecommunications infrastructure
- workforce development
- basic public services
- industrial parks
- other economic development purposes as determined by the Authority

Not less than 75% of the funds awarded by the Authority must go to distressed areas (as determined by the board) within the region.

Rural Strategic Investment Program

Many issues facing rural America are quite varied and complex. To help provide a comprehensive framework to address these issues, the farm bill authorizes a Rural Strategic Investment Program. This \$100,000,000 program creates a new two-step strategic planning process designed to help rural regions undertake innovative rural development

efforts. The first step of the program is a planning grant component, in which rural regions may compete for up to \$100,000 to develop regional strategic plans. The second stage of the program authorizes innovation grants for the implementation of regional strategic plans; \$3,000,000 is the maximum amount that may be awarded as an innovation grant to a region.

Funding for Backlogged Water and Wastewater Projects

Unfortunately, too many worthy water and wastewater projects have been held up because of a scarcity of funding at USDA. The new farm bill will provide \$360,000,000 to clear the backlog of applications.

Expansion of 911 Service

Access to quality emergency services can often be a matter of life and death. The farm bill includes a provision that will strengthen the ability of rural communities to expand or improve emergency 911 service by allowing the Rural Utility Service to make loans to states, local governments, Indian tribes or other public entities for the improvement or expansion of 911 services.

Children's Daycare Facilities

Access to quality child care is just as important for rural families as it is for those living in urban areas. The farm bill authorizes USDA to reserve up to 10 percent of the funds in the Community Facilities Program for grants to pay for the construction of day care facilities for children in rural areas.

Rural Firefighters and Emergency Personnel Grant Program

The bill provides \$50,000,000 for USDA to make grants for the training of rural firefighters and emergency personnel workers.

Creates Economic Opportunities For Rural America

The rural economy is changing, and we need to change our rural economic policies to reflect that fact. The farm bill does so by encouraging investment in rural businesses and supporting value-added agriculture.

Rural Business Investment Program

The Rural Business Investment Program (RBIP), which I was pleased to author, will help stimulate and encourage equity capital investment in businesses located in rural America. The bill creates new, for-profit entities called Rural Business Investment Companies (RBICs), which will raise private capital and invest it, along with the proceeds from USDA-backed loans, into rural small businesses. The program, which is closely modeled on SBA's SBIC program, will help stimulate approximately \$350,000,000 worth of new investment in rural small businesses. RBICs may leverage private capital up to 300%, and are eligible for operational assistance grants equal to the lesser of \$1,000,000 or 10% of private capital. In exchange for the leverage

and the operational assistance grants, RBICs are required to invest 75% of their total capital in small businesses located in rural areas (counties under 50,000). The remaining 25% may be invested in larger communities; 15% in communities of 50,000 to 150,000 and 10% in communities larger than 150,000.

Value-Added Agricultural Product Market Development Grants

Capturing more value from what we produce is important. We can no longer afford to continue shipping bulk, unprocessed commodities out of state. Many innovated value-added projects have already begun to put South Dakota agriculture on a new path, and the farm bill will help accelerate that development by providing \$40 million per year for grants to assist producer-owned value-added businesses.

Invests in Technology for Rural America

Technology is critical for rural America. We cannot afford to leave rural communities behind when it comes to technology investments. The farm bill recognizes the important role technology plays in our economy, and makes critical investments in rural America's technology infrastructure.

Rural Broadband

Reliable, affordable broadband service is critically important in today's economy, and rural communities should have the same access to broadband services as other areas of the country. The farm bill will help address technology infrastructure needs in rural America by providing \$750,000,000 per year for high-speed, high-quality broadband service in rural areas. Under this provision, the Rural Utility Service will provide loans and loan guarantees for the construction, improvement and acquisition of facilities and equipment for broadband service in rural communities of 20,000 or less. Priority is given to communities in which broadband service is not available to residential customers. This is the single-largest rural technology investment ever made by the federal government, and it represents a strong commitment to the future of rural America.

Rural Telework

The bill will help encourage new economic opportunities through the use of technology to create telework opportunities for rural residents. The bill authorizes \$150,000,000 for the development and support of telework projects that employ workers in rural areas. The bill also



Senator Daschle learns firsthand how technology is helping one rural South Dakota business compete in today's global marketplace. The new farm bill invests in rural technology infrastructure and includes a number of provisions that will help sharpen our state's competitive edge, and position South Dakota to take advantage of emerging technologies.

authorizes the creation of a Rural Telework Institute to support research and share best practices for telework projects throughout the country.

Satellite TV

The farm bill includes \$80,000,000 to allow rural residents in unserved or underserved areas to access their local television stations.

Tom Daschle Wants to Hear From You!

Contact Senator Daschle:



"There is no issue more important to me than ensuring the future social and economic well-being of rural communities in South Dakota and across America. I am glad Senator Johnson and I were able to include a number of important provisions in the new farm bill that will help South Dakota's rural communities thrive and prosper in the years ahead."

Tom Needs Your Input!

On this page I have listed the phone numbers, addresses and Internet addresses of each of my offices. If you have any thoughts, ideas, concerns or suggestions, please take a few minutes to let me know your thoughts.

I look forward to hearing from you.

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